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# Dean Disapproved For Release 2005/07/01 CIA-RDP91-00901R000700090003-2

## B. Haldeman

By George Lardner Jr.  
Washington Post Staff Writer

Former White House chief of staff H. R. (Bob) Haldeman yesterday denied being told of the Watergate burglars' demands for "hush money" until the spring of 1973 when the scandal was starting to unravel.

Once the No. 2 man at the White House under President Nixon, Haldeman said he was unaware until then that the payments to the original Watergate defendants were for anything but "attorneys' fees and family support."

The testimony touched off a round of protests from Watergate prosecutors who complained that it skirted the issue of why those payments were made.

U.S. District Court Judge John J. Sirica overruled the objections and told the prosecutors to hold their fire until they begin cross-examining Haldeman next week.

The 48-year-old defendant began testifying in his own defense yesterday morning and spent the rest of the day on the witness stand after a short interruption for a medical panel's report on Nixon's condition.

"Upstaged again," Haldeman said with a grin as he left for a waiting room.

Judge Sirica took no immediate action on the special panel's report that Nixon is too ill to undergo any questioning for the cover-up trial until early January.

The trial is expected to be over by then unless some special delay is granted.

A spokesman for the judge indicated that Sirica will await suggestions from the lawyers in the case before making any decisions. He has yet to rule on a motion by Nixon's attorneys to quash the subpoena for his testimony which former White House aide John D. Ehrlichman obtained several months ago.

Articulate and affable under questioning by his own chief counsel, Haldeman squarely contradicted the testimony of former White House counsel John W. Dean III on a number of points concerning payments to the Watergate burglars.

The prosecution's star witness, Haldeman, said he did not know of the payments until the spring of 1973. Haldeman listened on Nov. 15, 1972, to an incriminating tape recording of Watergate spy E. Howard Hunt Jr.'s demands.

Hunt had pressed for more money in a phone conversation earlier that week with then-White House special counsel Charles W. Colson. An alleged co-conspirator in the cover-up case, Colson secretly recorded the conversation and gave the tape to Dean, who said he made a copy and played it for Haldeman and Ehrlichman on a special trip to Camp David, Md.

Haldeman denied that Dean had played it for him and maintained that the White House counsel had actually come up to the presidential retreat for discussion on a "particular personnel question" then facing the Nixon administration.

The former White House chief of staff said he didn't become aware of the Hunt-Colson tape — in which Hunt had warned that money was "the cheapest commodity" — until March of 1973 when, Haldeman said, "I was being told a lot of things."

who was totally available to the President (Nixon) day and night." The assignment, he suggested, kept him far too busy for details such as the political espionage that led to the Watergate bug-ging at Democratic National Committee headquarters here during the 1972 campaign.

According to earlier testimony at the trial, one of Haldeman's top deputies, Gordon C. Strachan, was kept abreast of the plans for the illegal spy work by the Nixon re-election committee and was even sent summaries of some of the bugged conversations.

But Haldeman said he saw Strachan only about "once every two weeks" after Strachan became the White House liaison man with the Committee for the Re-Election of the President.

Dressed in a tan suit with an American flag pin in his lapel, Haldeman described himself as "The one person Strachan periodically sent Haldeman 'voluminous reports' on the campaign, but the witness indicated that he did not study them thoroughly.

Haldeman acknowledged that he was a "person of intelligence capability" in the Nixon campaign

structure and carried an "intelligence capability."

The former White House aide said he did not read the report, but he learned that it was from operative named Se Chair II, a chauffeur planted in the Democratic camp of either Sen. Hubert H. Humphrey or Sen. Edmund S. Muskie.

Haldeman said he learned of the secret word for illegal electronic surveillance of Democratic headquarters, "Project G Stone," until "long after the discovery of the bug on June 17, 1972.

His lawyer did not ask him about a segment of a June 23, 1972, tape-recorded conversation with President Nixon in which Haldeman could be heard saying something like "Dovestone, yeah."

The June 23 conversation, which forced Nixon's resignation last summer, showed Nixon approved a plan to "play it tough" and enlist the Central Intelligence Agency in an effort to limit the FBI's Watergate investigation.

Haldeman maintained, however, that the interventions had no sinister motives. He said Dean had called him on the morning of June 23, 1972, and told him that the FBI was beginning to track down a series of Nixon campaign checks that had been cashed by one of the Watergate burglars.

Dean also told Haldeman that the FBI was working on a theory that the Watergate break-in might have been a CIA operation.

Haldeman said he reported all this to President Nixon and they agreed to have the CIA ask the FBI "Not to pursue the source of these checks to the point of raising embarrassment to the donors," since "the donations weren't related to Watergate at all."

Nixon often told Haldeman at their meetings to tell CIA officials that the Watergate investigation might "open... the whole Bay of Pigs thing" again because of the Cuban and CIA backgrounds of some of the burglars. Haldeman suggested that he took Nixon's word for it.

"The President knew a great deal more about it than I did," Haldeman said of the abortive CIA-backed Bay of Pigs invasion of Cuba in 1961.

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"It was a surprising response," Haldeman said.

The witness said it was "clear to me now" that the meeting included a discussion of the CIA's activities in Mexico where some of the Nixon campaign contributions had been laundered.

In any event, Haldeman said he "asked" the CIA's Walters to meet with then-acting FBI Director L. Patrick Gray III "to work out these areas of mutual concern" — a step that held up the FBI's investigation of the Nixon campaign checks for some two weeks.

"I don't believe I gave an instruction or order," Haldeman added. "I do not believe it would have been appropriate."

By contrast, Walters testified earlier this month that "It was a directive, not a suggestion. I thought Mr. Haldeman had some information that I did not."

Turning to the payments to the original Watergate defendants, Haldeman conceded that Dean had told him of the money flow several times during the summer of 1972. But he insisted that nothing Dean said suggested that it was "hush money to keep their silence."

The witness gave a similar cast to his approval of sending a secret \$350,000 White House cash box back to Nixon campaign officials over the winter of 1972-73. Haldeman said Dean told him that the campaign organization was having problems raising funds for "these fees and so on for the defendants." The former White House staff chief said he approved delivery of the \$350,000 because he wanted to get the money out of the White House anyway.

Chief trial prosecutor James F. Neal protested the "subliminal" theme in Haldeman's testimony that the payments were perfectly proper if